

Mr. Walter L. Pforzheimer

24 May 1949

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[REDACTED]
Bill S.1809, "Federal Property and Administrative Services
Act of 1949".

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1. In accordance with your verbal request for comments, [REDACTED] and I have reviewed the proposed Bill and submit the following observations for your convenience.
2. Under Title II. "Property Management" in regard to Procurement Warehousing and Related Activities, it is noted that the Secretary of Defense may exempt the National Military Establishment from certain stipulated action taken by the Administrator whenever he determines the exemption to be in the best interest of national security. The possibility of including CIA in this exemption is suggested. See page 14, line 2.
3. Under Title III. "Procurement Procedure", regarding Application and Procurement methods, Section 302 (c) (11) dispenses with advertising and permits negotiation of contracts "for supplies or services as to which the agency head determines that the character, ingredients, or components thereof are such that the purchase or contract should not be publicly disclosed". If this basis is sufficiently expansive, this would appear to be of considerable aid to CIA. The Report is silent on defining a valid reason for refraining from public disclosure and the nature of the "consideration given to the national security" under the preceding paragraph in regard to experimental, developmental or research contracts. (Page 37.)
4. Some question may be raised in the future under Section 305 (b) on "Advance Payments", regarding the priority of the statutory Government lien over mechanics' liens.
5. Section 502 (d) preserves the authority of various agencies and officials and prevents any impairment under the Act. It is noted that the Atomic Energy Commission is included under this section, and while the section contains a residuary provision (see p.60) permitting the President to extend this protection to any other Executive Agency within one year following the effective date of the Act, it might be advisable to include CIA among those agencies specifically stipulated.

*See folder 606 =
"Fed. Property & Admin
Services Act of 1949"*